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ABSTRACT

This simulation exercise requires participants to practice critical thinking, problem solving, and negotiating skills as they role play real-life conflicts concerning working conditions in a factory in Guatemala City, Guatemala. Participants also learn about Guatemala's history, its social, economic, and political status as of April 1994. Based on a real life situation, the roles involve Guatemalan Labor Ministry official, Phillips Van Heusen (PVH), factory managers, and U.S. citizens concerned about the textile workers' situation and who are actively trying to help the workers win a just settlement with management. Time required for the simulation is 45 minutes to be followed with another 45 minutes for discussion. (EH)

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The Co$t of Your $hirt

A simulation exercise for secondary students and adults

based on the real-life drama of Guatemalan textile workers

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Facilitator Notes

Objectives

This role play is designed for high school and adult groups. Participants will practice critical thinking, problem-solving and negotiating skills as they simulate a real-life conflict concerning working conditions in a factory in Guatemala City, Guatemala. They will also learn about Guatemala's history, as well as its current social, economic and political situation. *Please note that the real life situation referred to in this simulation is rather fluid. Information was accurate as of 4/1/94.*

Directions for this Simulation

Time period:
- Allow at least 45 minutes for the role play itself.
- Allow at least 45 minutes for discussion following the simulation. (This discussion also can be held during the next class session.)

You will need:
- A room in which participants can sit and move around freely
- Nametags
- Chalkboard or butcher paper, with chalk or markers
- At least 8 participants

Instructions:

1. Inform participants that they will be playing the parts of factory managers, workers, Guatemalan government officials and concerned U.S. citizens in a situation involving a labor dispute in Guatemala.

2. Distribute or read aloud the *Background Information on Guatemala* (pages 4-5).

3. Assign two to six participants to each of these roles:
   - Phillips Van Heusen (PVH) factory managers
   - Guatemalan Labor Ministry officials
   - U.S. citizens who are concerned about the textile workers' situation and are actively trying to help them win a just settlement with management

4. Assign the remaining participants, in groups of up to six per group, to the roles of workers in the PVH textile factory.

5. Distribute nametags to participants which identify their roles in the simulation.

6. Tell each group to choose up to three people to serve as its negotiators. If there is more than one group of six workers, inform each of those groups that its representatives should consult with other worker representatives before negotiating with non-worker groups.

7. Hand out the information sheets to the respective sectors and allow 10 minutes for participants to read the sheets. Explain that their role plays will be based on this information, and the goal of their group is to obtain the conditions that will be most beneficial to their interests.

8. Allow groups ten minutes to discuss what their strategies will be in the role play. Explain that their representatives will travel to meet with other groups to attempt to reach their own particular goals. Inform them that at least one member of their group must remain in place at all times to meet with traveling representatives from the other factions.

9. Announce the beginning of the role play, and tell groups that they have twenty minutes (or more if time is available) to reach their goals. Tell them that after the role play, each group will give a brief report on what their roles / "lives" were like and what they accomplished.

10. During the role play, the facilitator can circulate and help clarify questions or suggest actions if participants are stumped. Other ideas: the facilitator can interrupt the session to inform workers that PVH has referred to union organizers as "communists" (and that in Guatemala, to be called a communist is to be targeted by right-wing death squads); the facilitator can interrupt the session with the message that a union organizer has been shot by an unidentified gunman (not PVH management). Ask participants to respond to one or both of these scenarios.

Debriefing and Discussion Session

1. **After the role play is over, ask each sector to present to the class:** (in about three minutes)
   a) an impassioned statement what their situation was like in the role play
   b) their group's goals
   c) the accomplishments they made toward realizing these goals. (Record these accomplishments on the blackboard or butcher paper.)

2. **Ask participants to leave their groups, step out of their roles and rejoin the larger class. Then, in new groups of six participants or less, have them discuss these questions:**
   a) How did participants feel in their roles? What was it like to be a Guatemalan worker? A PVH manager? A Guatemalan government official? A concerned U.S. citizen?
   What was it like to negotiate with the other groups in the role play?
   b) Should companies such as Phillips Van Heusen be allowed to operate in Guatemala?
   If so, should any conditions apply?
   c) What should the role of US citizens be in a situation like this?
   Is there a difference between "charity" and "solidarity"? Is one preferable over another?
   d) What do participants think happened in real life with the Guatemalan workers and PVH management?
   Have participants heard about this case or other similar issues in the US media? If not, why?
   How could they go about finding information like this?
   e) How do participants think they can respond to this situation?
   f) What were the most important things participants learned from this exercise?

Action Suggestions

1) Participants can write to Phillips Van Heusen company Chief Executive Officer Larry Phillips and ask for his assessment of the labor dispute in Guatemala. Contact: Larry Phillips, CEO, Phillips Van Heusen Corporation, 1290 Avenue of the Americas, New York, NY 10104.

2) Participants can write to the Guatemalan Embassy in Washington to request information on this issue. Contact: Guatemalan Ambassador to the U.S., Guatemalan Embassy, 2220 R. Street NW, Washington, DC, 20008. 202/745-4952.

3) Participants can write to the U.S. Guatemala Labor Education Project (US/GLEP) to ask for updates on the Phillips Van Heusen situation and the U.S. PVH Campaign. Contact: US /GLEP, c/o ACTWU / Chicago Joint Board, 333 South Ashland, Chicago, IL 60607. 312/262-6502.

4) Participants can write to the Labor Office of the U.S. Embassy in Guatemala for their perspective on these issues. Contact: Labor Office, U.S. Embassy in Guatemala, A.P.O. Miami, FL 34024.

When participants receive reponses, the group can recomvene to consider this new information.

Background Information on Guatemala

Guatemala is a country of extraordinary beauty, active volcanos, mountain lakes, brilliantly feathered quetzal birds, colorful hand-woven fabrics and picturesque Mayan ruins. It borders Mexico, Honduras, Belize and El Salvador, and is about the size of Tennessee.

About 9 million people live in Guatemala, with indigenous people (Indians) accounting for about 65% of the population. They speak 23 different Mayan language dialects. The remaining 35% of the people are *ladinos*, or people of mixed ancestry (Spanish or other European, and Indian) who speak Spanish.

A Brief History

In 1524, Guatemala was conquered by the Spanish army. Two-thirds of Guatemalan's indigenous people were killed as the result of Spanish colonization, which lasted until 1820. Indigenous people had much of their land taken away, and they were forced to work as laborers on *fincas* or plantations.

In 1944, the so-called "October Revolution" took place, in which a new democratic constitution was established, women were granted the vote, and rights were extended to agricultural workers. In 1954, President Jacobo Arbenz — who supported substantial land redistribution — was overthrown with the assistance of the U.S. Central Intelligence Agency (CIA). Land went back to the finca owners to grow crops for export.

Rich Land, Impoverished Majority

A small minority of wealthy landowners (4% of the population) owns the vast majority of arable land (65%). Most indigenous families live on plots of land too small to provide for their own needs, and 80% of rural Guatemalans are extremely poor. In 1990, half of the country's population earned only $150 per person per year. In 1990, the minimum wage was only $1.70 per day, far less than what is needed to provide for even basic needs. Sixty-five percent of the labor force is either unemployed or underemployed.

Three out of four children under age five are malnourished, and over 100 children die each day of malnutrition related diseases. Nearly half of the people receive no schooling. There is only one teacher for every 400 children of school age, but one soldier or civil patrol for every 140 citizens.

Political Situation

For the past 32 years, there has been sporadic fighting between the Guatemalan government and rebel guerrillas over such issues as land, the right to education and work. Although negotiations toward a peaceful settlement have been attempted, the army continues to attack and bomb villages in the highlands. Political violence has forced an estimated 500,000 to 1 million Guatemalans to flee their homes. Some have become "internal refugees" inside Guatemala, and others have fled to Mexico, the United States and other countries.

According to international human rights organizations, human rights violations in Guatemala are among the worst in Latin America. The victims are often teachers, community organizers, labor leaders and church workers. Between 1978 and 1983, 100,000 civilians were killed and 38,000 were disappeared. Most cases of torture are attributed to military and para-military death squads.

In 1992, indigenous Guatemalan woman Rigoberta Menchú, whose parents and brother were tortured and killed by the Guatemalan military, received the Nobel Peace Prize for her work on behalf of human rights.

U.S. Aid to Guatemala

In 1977, President Jimmy Carter declared an end to U.S. military aid to Guatemala because of human rights abuses. However, the U.S. has continued to train members of the

Guatemalan army at the U.S. Army School of the Americas at Ft. Benning, Columbus, Georgia, and the U.S. military conducts U.S. military exercises in Guatemala. Also, Israel — a major recipient of U.S. military aid — is a major supplier of military training and equipment to Guatemala.

The Maquiladora Sector

Guatemala is home to over 350 *maquiladora* (assembly for export) factories, whose parent companies are based in the U.S. and other countries. These maquiladoras employ over 70,000 workers, 80% of whom are women. Annual apparel exports are over $300 million, making clothing Guatemala's leading export to the U.S. This exceeds exports of bananas and sugar.

Most workers make less than 80 cents per hour. They are required to work six days a week, and as many as sixteen hours per day with no overtime pay. Working conditions in most factories are abysmal, no health or safety training, no protection against chemicals and dust, and few fans or windows. Many workers say they are forced to work, and that they have been sexually and physically abused.

The Phillips Van Heusen (PVH) company, the leading maker of men's shirts in the United States, operates two factories in Guatemala. After a two year battle, the PVH workers union was recognized by the Guatemalan government. In June of 1993, PVH also recognized the existence of the union, but continues to refuses to negotiate with it. Moreover, it repeatedly threatens to pull its operations out of Guatemala, even though its profits jumped 60% in 1992. The simulation you are about to role play is based upon this reality.

Information from this background sheet is taken from Guatemala: A Country Guide, *by Tom Barry (1989, The Inter-Hemispheric Education Resource Center); Blueprint, Loyola Twomey Center, Loyola University; School of the Americas Watch, Columbus, GA.; the U.S./Guatemala Labor Education Project, c/o ACTWU, Chicago.*

Resources on Guatemala and Trade Issues

The Global Factory, by Rachel Kamel. Philadelphia: American Friends Service Committee, 1990. $7.50.

Global Villages vs. Global Pillage: A One-World Strategy for Labor, by Jeremy Brecher and Tim Costello. Washington: International Labor Rights Education and Research Fund, 1991. $3.75 plus $1 handling.

Guatemala: False Hope, False Freedom by James Painter. London: Catholic Institute for International Relations, 1987.

Shattered Hope: Guatemalan Workers and the Promise of Democracy, by James A. Goldston. Colorado: Westview Press, 1989. $12.50 plus $1.50 handling.

Trade's Hidden Costs, by John Cavanagh et al. Washington: International Labor Rights Education and Research Fund, 1988. $3.95 plus $1 handling.

Phillips-Van Heusen Campaign/U.S. Guatemala Education Project, c/o ACTWU/Chicago Joint Board, 333 South Ashland Avenue, Chicago, IL 60607. 312/262-6502.

Minnesota Fair Trade Coalition, 317 - 17th Avenue SE, Minneapolis, MN 55414-2077. 612/627-9445.

Resource Center of The Americas, 317 - 17th Avenue SE, Minneapolis, MN 55414-2077. 612/627-9445.

Information Sheet for Guatemalan Factory Workers

You are among the nearly 100 workers at two plants in Guatemala City owned by the U.S. Phillips Van Heusen (PVH) Corporation. PVH is the leading marketer of men's shirts in the U.S.

Your pay is approximately $1 per hour, a wage far below the minimum necessary for you and your family to survive. While PHV pays more than some other factories, you live in a house with dirt floors, outdoor latrines and running water that is available only a few hours a day. You have just heard that the company's net profits jumped 66% last year, and that the PVH Chief Executive Officer (CEO) makes over $500,000 per year.

You want fair pay, and decent working and living conditions. You have begun organizing with other workers to demand an increase in pay, better medical care, and an end to forced overtime work, sexual harassment, physical abuse and reprisals for your union activities.

You know that it is very difficult to organize workers in Guatemala because the government wants to attract investments from foreign countries; it promises investors low wages and a "tranquil" work force.

You also know that the Guatemalan government does not enforce its labor laws, and informs corporations about the "troublemakers" who come to the government to complain about working conditions, effectively warning employers not to hire these people. Worse yet, you know your country has one of the worst human rights records of any country in the world, and hundreds of trade unionists have been killed, disappeared or forced to flee the country in recent years.

Your efforts were finally successful in September 1992 when your union won legal recognition from the Guatemalan government. This was the first time a plant had gained union recognition in the in the country's rapidly-growing *maquiladora* (assembly plant) sector, although attempts to unionize had been occurring since 1986. The PVH Campaign in the United States, coordinated by the U.S./Guatemala Labor Education Project, supported your struggle. The company has also now recognized your union, but continues to threaten periodically to close its factories and abandon its workers. This means that the situation is very unstable for you, your family, and your co-workers.

Your goal is to persuade PVH not only to recognize the union, but to negotiate a contract with it. You also want them to pledge to stay in Guatemala. Here are a few suggestions:

- You can go to the Guatemala government's Labor Inspector's office and try to convince officials that it is their job to help you. You do this knowing that the office has sided with corporations in the past.

- You can contact other groups of workers in the maquila sector and discuss developing a joint strategy for organizing and/or you can develop organizing strategies at the community level.

- You can contact workers in the United States who might be supportive of your cause. You're hopeful that they will recognize the importance of working together internationally to obtain decent wages, because low wages in one country can drive down wages in other countries. You could work with them to plan ways of pressuring PVH to recognize your union and agree to negotiate.

- You can contact citizens' organizations in the United States to seek their assistance, such as doing educational work on your issue, or organizing a boycott of the company you work for until it improves its labor practices.

- You can appeal to the International Labor Organization of the United Nations (U.N.) for assistance. You should know that because U.N. officials are appointed by governments, they might side with the Guatemalan government rather than workers.

Information Sheet for Phillips - Van Heusen Managers

Your company is the leading marketer of men's shirts in the United States. PVH's net profits jumped 66% last year, and sales at Van Heusen outlet stores in the U.S. are called "fantastic" by a business analyst. You are very proud of your role in making PVH such a financially successful company.

You believe that it is important to keep unions from attaining any significant gains in your Guatemala factories. If the union is successful, you are concerned that this will open the door for other workers to organize throughout other local factories, thereby driving up wages and forcing your company to spend money on other benefits, as well.

You also recognize that you are responsible to the company's shareholders to continue turning a profit at your Guatemala plants. A successful union drive could bite into this profit.

You believe that it is in your company's immediate interest to delay negotiating with the union for as long as possible, and to make sure that no changes or concessions take place that would mean a cut in profits for PVH. Here are some possibilities:

- You can offer payments to individual workers to stop their union activities. You can offer payments as high as $1,400 to union leaders to quit their jobs.

- You can shift union members to more difficult tasks in the factory, thereby reducing their production and pay.

- You can put out a warning that workers who join the union will be fired.

- You can fail to discipline supervisors who harass and intimidate the workers in the plant.

- You can threaten to close the factory and move it to another country, thus putting many people in the local community out of work.

Phillips - Van Heusen Company

In 1991, Phillips-Van Heusen became the U.S.'s leading marketer of men's shirts, with sales of near $1 billion. PVH brands include Van Heusen, Geoffrey Beene, Etienne Aigner, Cezani, and Cape Isle Knitters. PVH owns Bass Shoes and makes shirts for Sears, Lord & Taylor, Bloomingdales, Macy's, Land's End and L.L. Bean. PVH has a special arrangement with JC Penney, which sells Van Heusen shirts in over 1,000 of its stores. PVH also has about 200 direct retail outlets under various names.

In addition to Guatemala, PVH has factories in Alabama, Arkansas, California, Pennsylvania, Puerto Rico and Costa Rica, and contracts for production from factories in Hong Kong, Honduras, South Korea and Taiwan. Only 8% of PVH's workforce is unionized

CEO Larry S. Phillips, a great-grandson of the company founder, considers himself a human rights advocate. He served on the board of Oxfam America, and founded American Jewish World Service.

- You can establish a "company union" which will receive management blessing. This union will respond to only some of the union's demands, such as establishing a pharmacy, providing regular visits by a doctor and installing new bathrooms and a cafeteria. This would entice workers to withdraw from their own union.

- You can recognize the union, believing that there are long term gains in having a healthy, satisfied work force.

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Information Sheet for Representatives of the Guatemalan Labor Ministry

As representatives of the Guatemalan government, you know that the International Monetary Fund is requiring Guatemala to pay off its large international debt. This means that your government is trying to find ways to attract foreign companies to bring industry, jobs and money into the country.

To attract these foreign investors, you believe that wages must be kept low. Any attempts by workers to unionize or to gain concessions from corporations works against your interest in attracting foreign investors. Your government promises investors a tranquil work force, and you have an international reputation of failing to protect workers' basic rights.

"Guatemala has the cheapest, most abundant and easily trained labor force in the Caribbean."

— Gerald Lamberty
Consultant to Guatemala's Chamber for Exporters of Non-Traditional Exports

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You believe that you should stall — for as long as possible — when workers come to you for assistance in getting Phillips-Van Heusen (PVH) to negotiate a fair contract. You can do this in a number of ways:

- Try to convince workers that it is in their interest to keep PVH management happy in Guatemala, because the company can always move its factories to other countries where workers will be grateful to have jobs and won't complain so much. Tell the workers that they are lucky to have these jobs.

- When workers come to you for help, tell them that they are required to wait some arbitrary period of time for assistance. Also, require them to fill out endless forms.

- Tell PHV management about the "trouble-maker" workers who come to your office to complain about working conditions.

- Establish insignificantly small fines against corporations for violations of labor laws.

- Fail to enforce Guatemalan labor laws.

- Secretly inform the army or para-military "death squads" about individuals who are working within the union at their plant, or who show any interest in doing so.

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Information Sheet for U.S. Citizens

As citizens and workers in the United States, you know that the struggle of Phillips Van Heusen workers in Guatemala has significant implications for the U.S.

In a global economy, wages and working conditions in the United States increasingly reflect wages and working conditions in other countries. This is especially true in the U.S. apparel industry — the largest U.S. manufacturing sector, where wages are $6.10 an hour — or only 60% of the average U.S. manufacturing wage.

You often have heard business representatives claim that they cannot compete in the global economy unless U.S. workers take pay cuts, since wages are much lower in other parts of the world. You also know that even though U.S. wages are declining, the U.S. is losing manufacturing jobs. Over half-a-million jobs have been lost in the U.S. apparel industry in the past fifteen years. Agriculture also has become increasingly globalized, with more and more vegetables and fruits imported to the U.S. from Mexico and Central America, and the rapid advance of telecommunication technology has allowed the transfer of service sector jobs to countries where workers are paid a fraction of U.S. wages.

Although you realize that U.S. consumers may benefit in the short-term by enjoying cheap prices on goods imported from other countries, you know that the cheap prices are due to low wages and repressed labor, which in the long run will undermine your own workers and economy.

Phillips Van Heusen (PVH) Corporation is the U.S.'s leading marketer of men's shirts. You've recently heard that the company's net profits jumped 66% last year, and that the PVH Chief Executive Officer (CEO) makes over $500,000 per year.

You also have become aware of the fact that employees in PVH factories in Guatemala City work in difficult conditions, and live on wages that barely keep them above the poverty line. Workers at the plant who are trying to organize for better conditions have been harassed.

You want to work to build international worker solidarity to ensure economic justice and respect for workers' rights, and so that wages and working conditions tend to equalize at a higher rather than a lower level. However, you do not want to corner PVH into shutting down its plants in Guatemala, costing Guatemalan workers their jobs. Here are some suggestions:

What You Should Know About the U.S. Apparel Industry

- **Nearly 10% of all manufacturing in the U.S. is in the textile and apparel industries, employing 1.6 million production workers.**
- **75% of production workers in the apparel industry are women; 16% are African-American and 20% are Hispanic.**
- **There are 5,000 textile and 20,000 apparel manufacturing establishments in the U.S.**

— Keeping Jobs in Fashion, Economic Policy Institute, 1989

- Contact union leaders at PVH factories in Guatemala to find out how you can help their struggle.

- Hold the PVH corporation accountable and pressure it to respect workers rights. You can leaflet customers outside stores that sell PVH clothes, or try to get media coverage of PVH's poor working conditions in Guatemala. You could also try filing a "shareholders resolution" at the company's annual meeting. Shareholders will vote on this resolution in order to give direction to management.

- Support International Trade Secretariats (ITS). These international "unions of unions" can bring together workers from different countries in a particular sector (such as apparel workers in the U.S. and Guatemala) to develop global strategies that respond to globalization.

- Link trade with workers' rights. Back efforts to make international trade conditional on fair labor practices. Under U.S. trade laws, exporting countries must guarantee basic workers rights before they can export goods into the U.S. However, these conditions are rarely enforced.

- You could pressure the U.S. Congress to hold the U.S. administration accountable for enforcing these trade laws, which means that Guatemalan exports would be allowed into the U.S. only if the country respects basic worker rights.

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